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April 29, 2002

David Waddell  
Executive Secretary  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, TN 37243-0505

RE: Application of Excel Telecommunications, Inc. for a Certificate of Public  
Convenience and Necessity as a Competing Telecommunications Service Provider;  
Docket No. 02-00382

Dear Mr. Waddell:

Attached hereto are the original and 13 copies of the data responses of Excel  
Telecommunications, Inc. to your letter of April 12, 2002. Also attached is an explanatory letter  
from Robbin Johnson, Assistant General Counsel, Excel Telecommunications, Inc.

Please note that **ATTACHMENTS A & E ARE CONFIDENTIAL** and are submitted in  
envelopes marked "Confidential."

Thank you for your assistance. If you have questions, please do not hesitate to contact  
me.

Sincerely,



H. LaDon Baltimore

LDB/dcg  
Enclosures

April 24, 2002



David Waddell  
Executive Secretary  
Tennessee Regulatory Authority  
460 James Robertson Pkwy  
Nashville, TN 37243-0505

Re: Excel Telecommunications, Inc. (Docket No. 02-00382)

Dear Mr. Waddell:

We are in receipt of your letter dated April 12, 2002 requesting additional information in the above referenced docket. In accordance with that request, Excel Telecommunications, Inc. ("Excel") provides the following:

**Financial Requirements:**

1. Three year projected financial information:

Three year projected financial information is contained within Attachment A, appended hereto.

2. Sources of funding:

Excel will utilize revenues generated from the provision of services to existing customers. Additionally, should Excel need additional sources of funding, it will rely on its parent company, VarTec Telecom, Inc.

**Toll Dialing Parity Plan for Applicants providing Voice Grade Service**

Please see contained within Attachment B is Excel's Toll Dialing Parity Plan.

**Small and Minority-Owned Telecommunications Business Participation Plan:**

Please see contained within Attachment C is Excel's Small and Minority-Owned Telecommunications Business Participation Plan.

**Miscellaneous:**

1. Pre-filed testimony:

Please see the pre-filed testimony of Joel Ballew, Director of Regulatory Affairs of Excel Telecommunications, Inc. appended hereto as Attachment D.

**Excel Communications, Inc.**  
Office of the General Counsel

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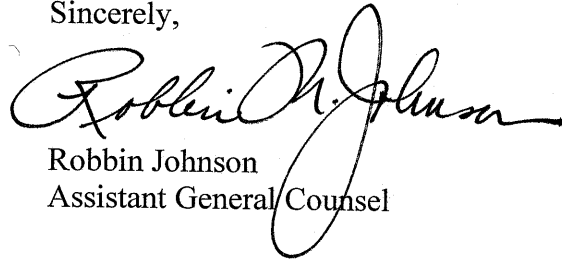
[www.excel.com](http://www.excel.com)

2. An updated corporate structure that includes the applicant's recent merger with VarTec.

Contained within Attachment E is an updated organizational chart that reflects the transfer of control of Excel to VarTec Telecom, Inc.

Please date stamp and return the enclosed extra copy of this cover letter in the self-addressed, stamped envelope provided. Should you or anyone at the Tennessee Regulatory Authority have any questions regarding these materials, please do not hesitate to contact me at (214) 863-8038 or Dana Hoyle at (214) 424-6679.

Sincerely,

A handwritten signature in black ink, appearing to read "Robbin Johnson", with a large, stylized flourish extending from the end of the name.

Robbin Johnson  
Assistant General Counsel

Enclosure

cc: LaDon Baltimore, Esq.

**ATTACHMENT B**  
**TOLL DIALING PARITY PLAN**

EXCEL TELECOMMUNICATIONS, INC.  
TOLL DIALING PARITY PLAN

Pursuant to the Section 251(b) of the Telecommunications Act of 1996, Excel Telecommunications, Inc. (AExcel@) provides the following plan for the implementation of toll dialing parity upon approval by the Tennessee Regulatory Authority (ATRA@) of the Company=s Application for a Certificate to Provide Competing Local Telecommunications Services in the state of Tennessee. This plan sets forth Excel=s proposal for providing intraLATA and interLATA toll dialing parity within the state of Tennessee for customers subscribing to Excel=s local exchange service. Excel intends to implement this plan throughout its approved service area in the state of Tennessee.

METHODOLOGY

Excel will allow customers the opportunity to designate a presubscribed carrier for intraLATA and interLATA toll traffic whereby toll calls will automatically be directed to the designated carrier without additional action on the part of the customer (e.g., access code dialing). In addition, customers will be able to utilize toll carriers on a call-by-call basis by dialing access codes.

Excel does not intend to own facilities in the state of Tennessee to provide local exchange telecommunications services. Rather, Excel intends to provide local exchange service using either unbundled local switching or local service resale. As such, intraLATA toll dialing parity will be available in exchanges wherein multiple Primary Interexchange Carrier (APIC@) technology is implemented by the underlying service provider. Excel will utilize multiple-PIC technology to allow customers to presubscribe to the same or different carriers for interLATA and intraLATA toll services.

SUBSCRIBER PRACTICES

Based on Excel's current business plan for its local exchange service offerings, the Company anticipates that the vast majority of Excel=s local exchange customers will have also selected Excel as the primary interexchange carrier for interLATA and intraLATA toll services. Customers who wish to select an interexchange service provider other than Excel should contact

Excel=s Customer Care Center to request said change. Excel=s Customer Care representatives will process customer-initiated PIC selections as designated by the customer for any participating carrier that has submitted an access service request to Excel. If requested by the customer, Excel will provide a list of participating carriers in a non-discriminatory and fair manner from which the customer may select an interexchange service provider(s).

Customers who do not choose a PIC for intraLATA and/or interLATA will be identified within Excel=s records as ANO PIC@ and will not be defaulted to a carrier. These customers will be required to dial an access code in order to place any interexchange telephone calls.

#### PIC CHANGE CHARGE

Excel may charge a PIC Change Charge to any customer who makes a change to his or her intraLATA or interLATA interexchange service provider. The PIC Change Charge will be billed to customers pursuant to the Company=s tariffs on file with the Commission.

#### CARRIER PRACTICES

Interexchange carriers that desire to become an access customer shall notify Excel in writing of their desire to obtain exchange access service information. Excel will send each requesting carrier an information package describing the Company=s service, processes and applicable tariffs. Excel will process a carrier=s Access Service Request and that carrier will be included as a participating carrier for customers selecting a PIC.

#### MISCELLANEOUS

Excel will be subject to rules relating to slamming as indicated in TRA Rule 1220-4-2.56, Sections 2-19, and 1220-4-2.58, Sections 1-16. Excel will provide nondiscriminatory access for its customers, including resellers, to telephone numbers, operator services, directory assistance and directory listings, when applicable. Excel will comply with all rules of the TRA and the Federal Communication Commission in implementing this Plan.

**ATTACHMENT C**

**SMALL AND MINORITY-OWNED  
TELECOMMUNICATIONS BUSINESS PARTICIPATION  
PLAN**

**TENNESSEE  
SMALL AND MINORITY-OWNED  
TELECOMMUNICATIONS  
BUSINESS PARTICIPATION PLAN**

**SUBMITTED TO THE  
TENNESSEE REGULATORY AUTHORITY**

**BY  
EXCEL TELECOMMUNICATIONS, INC.**



**SMALL AND MINORITY-OWNED  
TELECOMMUNICATIONS  
BUSINESS PARTICIPATION PLAN**

**ATTACHMENT C**

**SMALL AND MINORITY-OWNED  
TELECOMMUNICATIONS BUSINESS PARTICIPATION  
PLAN**

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## **1.0 DEFINITIONS**

1.1 Excel Telecommunications, Inc. was chartered as a Texas corporation specializing in the provision of long distance service to the residential market. For the purpose of this Plan, the term "Company" refers to Excel Telecommunications, Inc.

1.2 Small Business - For the purpose of this Plan, "small business" means a business with annual gross receipts of less than four million dollars (\$4,000,000).

1.3 Minority Business - For the purpose of this Plan, "minority business" means a business that is solely owned, or at least fifty-one (51%) of the assets or outstanding stock of which is owned by an individual who personally manages and controls the daily operations of such business, and who is impeded from normal entry into the economic mainstream because of race, religion, sex, or national origin and such business has annual gross receipts of less than four million dollars (\$4,000,000).

## **2.0 PURPOSE**

2.1 The Small and Minority-Owned Telecommunications Business Participation Plan (Plan) is submitted by the Company as required by the Tennessee Regulatory Authority. The administration of this Plan is the responsibility of the Company.

2.2 The Company contracts with many different vendors, including those that may be small and minority-owned. Acceptable vendors are identified based on cost and quality of goods and services. Currently, all Company purchases are to be made through the use of a list of authorized and qualified vendors approved by the Company's Contracts and Purchasing Department. The preparation of this list is a proactive process identifying the low-cost providers of materials, equipment and services to the Company.

2.3 It is Excel's policy to acquire goods, services, materials, equipment and supplies to the best advantage of the Company in the open market and without favoritism. Best advantage is defined as the most favorable offer available in the competitive market, considering such things as: quality, price, delivery and transportation costs, payment terms and general performance of the supplier in these transactions.

2.4 The Company may consider proposals by qualified businesses for a variety of goods and services, depending on the Company's needs at a particular time. The Company encourages qualified businesses, especially Small and Minority Owned Businesses, to submit proposals for the sale of goods and services to its principal address

2.5 Through this Plan, the Company may solicit and attempt to increase its contracts with small and Minority-Owned Telecommunications Businesses.

2.6 The Company's purpose is to afford all vendors, including small and Minority-Owned Telecommunications Businesses, the maximum practicable opportunity to compete for contracts and subcontracts to supply goods and services to the Company. .

### **3.0 PLAN PERIOD**

3.1 It is the Company's intent to provide access to contract opportunities on a nondiscriminatory basis to all businesses, including small and Minority-Owned Telecommunications Businesses. The Company aims to include such firms in its supplier base and to maintain this focus on a continuous basis.. Consequently, this Plan does not have fixed time parameters.

### **4.0 PLAN ADMINISTRATOR**

4.1 The Contracts and Purchasing Department at the Company will develop and implement procedures to identify, track and encourage procurement from qualified small and minority-owned businesses. The Contracts and Purchasing Department will maintain all records of qualified small and minority-owned business.

The Company's Plan Administrator is:

Michael Colvin  
Director Contracts/Purchasing  
(214) 863-8756 Work  
(214) 863-8848 Fax

Excel's Regulatory Department will act as the initial contact point for all questions concerning this Plan.

Please contact:

Joel Ballew  
Director of Regulatory Affairs for Excel  
(214) 863-8707 Voice  
(214) 863-8721 Fax

4.2 Administrator manages the Plan to ensure compliance with the provisions of the Plan. As the need arises, the administrator may perform the following:

- 4.2.1 review the Company's procedures to ensure small and Minority-Owned Telecommunications Businesses have an equitable opportunity to be awarded contracts;
- 4.2.3. Review solicitations to remove any statements which may tend to restrict, inhibit, or diminish the equitable opportunity for Small and Minority-Owned Telecommunications Businesses to compete for contracts;

- 4.2.4 ensure any procurement packages are structured in a fair manner to enlist the goods and services of all businesses, including those that are small and minority-owned;
- 4.2.5. Maintain small and Minority-Owned Telecommunications Businesses related correspondence and record keeping;
- 4.2.6. Coordinate activities during the conduct of any compliance review by Tennessee state agencies;
- 4.2.7. Review the Companies annual performance on small and Minority-Owned Telecommunications Businesses contracting.

## **5.0 PLAN ADMINISTRATION**

5.1 The Plan is designed to aid small and Minority-Owned Telecommunications Businesses new to the industry and/or those still attempting to establish them in the market place. As the need arises, the Company may support these organizations in the following manner:

5.2 assist Small and Minority-Owned Telecommunications Businesses by allowing sufficient time for preparation of proposals, quantities, specifications, and delivery schedules so as to facilitate their participation in contracts;

5.3 provide information to representatives of Small and Minority-Owned Telecommunications Business regarding contract opportunities;

5.4 provide information to representatives of Small and Minority-Owned Telecommunications Businesses regarding advice on types of business typically being contracted, procurement requirements, and quality expectations.

## **6.0 PLAN REPORTING**

6.1 It is the intention of the Company to submit periodic reports and cooperate in those studies or surveys as may be required to determine the extent of compliance with this Plan.

6.2 It is the intention of the Company to maintain, if required, any correspondence between Small and Minority-Owned Telecommunications Businesses with regards to any contract relationships.

## **7.0 PLAN AMENDING**

7.1 The provisions and sections of this Plan may be deemed separable, and the invalidity of any portion of this Plan shall not affect the validity of the remainder.

7.2 This Plan, or any provision thereof, may be amended or rescinded at any time.

**ATTACHMENT D**

**PRE-FILED TESTIMONY OF JOEL BALLEW**



**BEFORE THE  
TENNESSEE REGULATORY AUTHORITY**

In the Matter of the Application of	)	
	)	
<b>EXCEL TELECOMMUNICATIONS, INC.</b>	)	
	)	Docket No. 02-00382
to Amend Its Certificate of Public Convenience	)	
and Necessity as a Competing	)	
Telecommunications Service Provider	)	
to Include Competitive Facilities-Based	)	
Local Exchange Telecommunications	)	
Services Throughout the State of Tennessee	)	

**PRE-FILED TESTIMONY OF JOEL BALLEW**

I, Joel Ballew, do hereby testify as follows in support of the application of Excel Telecommunications, Inc. ("Excel") for a Certificate of Convenience and Necessity as a competing telecommunications services provider to provide telecommunication services throughout the State of Tennessee.

Q: Please state your full name, business address, and position.

A: My name is Joel Ballew. I am Director of Regulatory Affairs for applicant Excel Telecommunications, Inc. My business address is 8750 North Central Expressway, Suite 2000, Dallas, Texas 75231.

Q: What are your responsibilities with Excel?

A: I oversee the day-to-day operations of the Company's Regulatory Affairs Department. The department's functions include addressing and resolving consumer complaints filed with federal and state regulatory agencies, filing and maintaining tariffs with the appropriate state regulatory authorities and general regulatory compliance in all states of operation.

Q: Please provide a brief description of your professional experience and your experience in the telecommunications industry.

A: I received my Bachelor of Arts degree in Political Science from Baylor University (Waco, TX) and have completed advanced course work and training in management and public affairs. Prior to joining Excel in May 1996, I served as Director of Research Operations for Political Research, Inc. in Dallas, Texas. In addition, I've also served as a Senate Scheduling Assistant to United States Senator Phil Gramm of Texas.

Q: Are all statements in Excel's Application true and correct to the best of your knowledge, information and belief?

A: Yes. All statements in Excel's Application are true and correct to the best of my knowledge, information and belief with one exception. In its application, it was stated in paragraph 11, "Excel is currently providing local exchange telecommunications services on a resold basis under authority issued by the TRA in Case No. 96-01030, the Order was issued on June 26, 1996. Excel's Company ID Number is 00116464. Further, the Company is authorized to provide interexchange telecommunications services under Case No. 95-03337, the Order was issued on November 10, 1995." This should say that Excel is authorized to provide resold local exchange services and is providing interexchange services. To date, Excel has not yet begun providing local services to Tennessee consumers.

Q: Please describe the current corporate structure of Excel Telecommunications, Inc.

A: Excel Telecommunications, Inc. is a privately held corporation based in Dallas, Texas. As of April 5, 2002, Excel Telecommunications, Inc. became an indirect wholly owned subsidiary of VarTec Telecom, Inc. ("VarTec"). CommuniGroup, Inc., a wholly owned subsidiary of Telephone Electronics Corporation, retains 80% ownership in VarTec. However, neither Telephone Electronics Corporation nor CommuniGroup, Inc. is involved in the daily operations of VarTec or Excel.

Q: Does Excel Telecommunications, Inc. possess the requisite managerial, financial, and technical abilities to provide the services for which it has applied for authority?

A: Yes. Excel Telecommunications, Inc. possesses the requisite managerial, financial, and technical abilities to provide the services for which it has applied for authority.

Q: Please describe Excel Telecommunications, Inc.'s financial qualifications.

A: Excel has ample financial resources to provide the services, which are the subject of this Application. Excel's financial qualifications are demonstrated in the financial statements, which have been filed in Exhibit G of the Company's Application. Excel has the financial capability to continue providing high quality telecommunications services to consumers in Tennessee, promoting the public interest and advancing competition and consumer choice in the state.

Q: Please describe Excel Telecommunications, Inc.'s managerial and technical qualifications.

A: Excel possesses sufficient technical and managerial ability to be able to provide local exchange telecommunications services to the benefit of the general public. Applicant has been certified to provide interexchange telecommunications services in Tennessee since 1995 and has been providing interstate telecommunications services subject to the jurisdiction of the Federal Communications Commission since 1989.

Q: What services will Excel Telecommunications, Inc. offer?

A: By this Application, Excel seeks the authority to provide full scale local exchange telecommunications and data services. Excel intends to operate as a competitive local exchange service provider on a facilities-based and resale basis. Specifically, Excel seeks authority to provide all forms of switched and dedicated telecommunications services, including but not limited to the following local services: "Plain Old Telephone Service"—originating and terminating local calls; Access Service—originating and terminating traffic between a customer premise and an IXC POP; Private Line; Data transmission service; and Internet services.

Q: Please describe how Excel intends to offer these services to Tennessee customers if this application is granted.

A: The Company now proposes to offer local exchange services utilizing combinations of unbundled network elements ("UNEs"), specifically the unbundled network elements platform ("UNE-P") purchased from the incumbent local exchange provider, BellSouth. Excel intends to offer local exchange services to customers throughout those areas within the State of Tennessee approved by the Commission for competitive provision of local exchange services. The Company has no plans at this time to deploy its own equipment.

Q: Will Excel Telecommunications, Inc. offer service to all consumers within its service area?

A: Excel initially proposes to provide local exchanges services within the BellSouth territory; however, the Company respectfully requests authority to operate as a local exchange provider in all areas in Tennessee where the Commission has approved the competitive provision of such services and where such areas are open to competition.

Q: Will Excel provide service to residential customers?

A: Initially, Excel will focus on providing local services to residential customers. This focus is unique. This Commission is well aware that residential customers typically have little choice in their local service provider. Nationwide, many entrants to the local marketplace have chosen to concentrate their efforts strictly on large and medium sized businesses. Excel has had success in taking a different path. Excel has brought high quality long distance services, at competitively low prices, to the residential consumer--- both in urban and in outlying areas ----to low volume users as well as high. Unlike other applicants, Excel plans to direct its local service offerings to a solidly residential base of customers.

Q: Does Excel Telecommunications, Inc. plan to offer local exchange telecommunications services in areas served by any incumbent local exchange telephone company with fewer than 100,000 total access lines?

A: Excel does not intend to offer local exchange services in any areas not yet open to competition.

Q: Will the granting of a certificate of convenience and necessity to Excel Telecommunications, Inc. serve the public interest?

A: Yes. Grant of the Application will further the goals of the Tennessee Legislature and further the public interest by expanding the availability of competitive telecommunications services in the State of Tennessee. In addition, Excel intends to market its services primarily to residential customers in the State of Tennessee. With increased competition, Tennessee residential customers will recognize increased cost savings and choice within the local telephone market.

Q: Does Excel Telecommunications, Inc. intend to comply with all TRA rules, statutes, and orders pertaining to the provision of telecommunications services in Tennessee, including those for disconnection and reconnection of service?

A: Yes. Excel Telecommunications, Inc. intends to comply with all applicable federal and state rules relating to the provision of telecommunications services.

Q: Has any state ever denied Excel Telecommunications, Inc. or one of its affiliates authorization to provide intrastate service?

A: Excel has only had one application to provide local exchange service rejected; however, the Company was able to resolve all issues and subsequently was granted local exchange authority. In August 1997, the Texas Public Utility Commission ("TX PUC") denied Excel's application to provide resold local exchange services, based in part upon concerns generated by a single complaint, which was raised at an open meeting of the TX PUC. This complaint later proved to be false. Nevertheless, the TX PUC directed Excel to show improvement in overall complaint levels. When Excel returned to the TX PUC for certification some months later, the Company was recognized for setting new industry customer safeguard standards with its processes and procedures. The Company has since "upgraded" its resold local certification in Texas to include facilities-based services and has remained in good standing before the TX PUC.

Q: Has any state ever revoked the certification of Excel Telecommunications, Inc. or one of its affiliates?

A: Yes, this happened to a dormant and inactive affiliate of Excel's. The Rhode Island Public Utilities Commission, opened Docket No. 2262(Z3) on December 3, 2001 to rescind the authority to offer interexchange services held by Long Distance Wholesale Club, an affiliate of Excel's. This action was based on the failure of LDWC to pay the \$75 required annual fee. This failure to pay the fee was completely inadvertent, however, as a result, LDWC's certification was rescinded.

Q: In the past three years, has applicant been investigated or sanctioned by any regulatory authority for service or billing irregularities?

A: Notwithstanding its best efforts in customer service and satisfaction, and, as is the case for many carriers of Excel's size and comparably long history of operations, Excel has from time to time been the subject of informal commission inquiries or even formal proceedings. Excel's addressing such problems at its own initiative has been noted as well as the Company keeping regulatory agencies informed when consumer issues do arise. It deserves mention that regulatory commissions have noted the steps Excel has taken to advance the accuracy of the customer provisioning process and, in one case, took the extraordinary step of recognizing that Excel's consumer care safeguards effectively set an industry standard. Contained within Exhibit J of Excel's Application is a comprehensive summary of its Regulatory History.

Q: Who is knowledgeable about Excel Telecommunications, Inc.'s operations and will serve as Excel Telecommunications, Inc.'s regulatory and customer service contact?

A: I am Excel's regulatory and customer service contact.


Q: Please explain in detail Excel Telecommunications, Inc.'s proposed procedures for responding to information requests from the TRA and its staff.

A: Excel Telecommunications, Inc. strives to respond to information requests from the TRA and its staff in a timely manner. Our Regulatory Affairs Department is generally responsible for any data requests, complaint responses, or other inquiries from the TRA and its staff. All responses are reviewed to ensure accuracy and responses will be made in a timely manner.

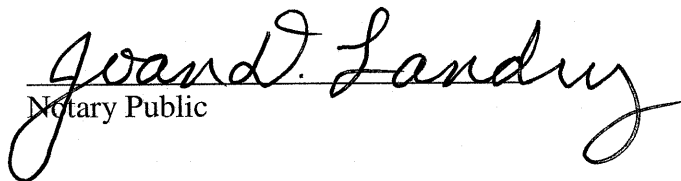
Q: Does this conclude your testimony?

A: Yes. This concludes my testimony.

I swear that the foregoing testimony is true and correct to the best of my knowledge.

  
Joel Ballew  
Director of Regulatory Affairs

Sworn to and subscribed to before me this 24<sup>th</sup> day of April,  
2002

  
Notary Public

My Commission Expires: 7-25-03

